

FISCAL NOTE

SB 3427 - HB 3529

March 7, 2004

SUMMARY OF BILL: "Decouples" Tennessee excise tax from all federal accelerated depreciation enacted after 2002.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - \$75,000,000 FY04-05

Estimate assumes that de-coupling depreciation expense from federal depreciation provisions enacted after 2002 would not cause the state to increase revenue over the long term because the same amount of depreciation occurs, but not on an accelerated timetable. However, de-coupling will cause the state to increase revenue over the short run since excise tax deductions will occur less rapidly. A large impact to the state is estimated to occur over the next several fiscal years and disappear after approximately five to seven years.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director